

Message Text

CONFIDENTIAL

PAGE 01 ALGIER 02138 021127Z

43

ACTION EB-07

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 ISO-00

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04

TRSE-00 ACDA-07 PA-01 PRS-01 /134 W

----- 083891

R 020955Z SEP 76

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 5098

INFO AMEMBASSY ABU DHABI

USINT BAGHDAD

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

C O N F I D E N T I A L ALGIERS 2138

E.O. 11652: GDS

TAGS: ENRG, OPEC, AG

SUBJECT: OPEC, PRICES AND THE ALGERIAN FORMULA

REF: KUWAIT 4085

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ALGIER 02138 021127Z

1. EMBASSY'S COMMERCIAL OFFICER DISCUSSED ABOVE SUBJECT

WITH SONATRACH ACTING MARKETING DIRECTOR, BAYOU, WEDNESDAY,
SEPT. 1.

2. BAYOU SAID THAT LAST WEEK'S MEETING OF OPEC ECONOMIC COMMISSION COMPLETED AGREEMENT ON GUIDELINES FOR USING ALGERIAN FORMULA FOR COMPUTING QUALITY AND TRANSPORTATION DIFFERENTIALS. HE SAID MATTER THEN WAS TURNED OVER TO QTE THE TECHNICIANS UNQTE TO WORK OUT ALL DETAILS. IN RESPONSE TO DIRECT QUESTION CITING KUWAIT PRESS REPORTS (REFTE) BAYOU SAID HE HAD HEARD OF NO SUCH PLAN TO PUT FORMULA IN EFFECT FOR TRIAL PERIOD PRIOR TO OPEC DECEMBER MEETING. HE SAID AGREEMENT WAS TO PUT FORMULA INTO EFFECT AS SOON AS DETAILS WORKED OUT; QTE IT COULD BE TWO WEEKS OR IT MIGHT BE SIX MONTHS UNQTE. BAYOU DENIED ANY KNOWLEDGE OF RUMORED EARLY MINISTERIAL MEETING. HE SAID TO BEST HIS KNOWLEDGE MEETING STILL SCHEDULED FOR DOHA IN DECEMBER. HE ALSO DID NOT RPT NOT RISE TO BAIT WHEN INDIRECT QUESTION WAS POSED REGARDING RUMORED MINI-MINISTERIAL MEETING IN TA'IF. HE SAID MINISTER INDUSTRY AND ENERGY BELAID ABDESSELAM IN LIBYA REPRESENTING ALGIERS AT STATE CELEBRATION (WHICH CONFIRMED BY LOCAL PRESS).

3. REGARDING OIL PRICE AND DECEMBER MEETING, BAYOU SAID THERE NO QUESTION MEETING WOULD RESULT IN JANUARY 1 PRICE INCREASE; ONLY QUESTION SEEMED TO BE HOW MUCH. WHEN EMBOFF SUGGESTED THAT MOST OFTEN HEARD NUMBERS WERE TEN AND FIFTEEN PERCENT, BAYOU MORE OR LESS AGREED, BUT THEN DEMURRED AND SAID IT COULD BE AS LITTLE AS FIVE OR SIX PERCENT. HE THEN MADE INTERESTING COMMENT, QTE OUR MINISTER (ABDESSELAM) SAYS WHAT IS FIVE PERCENT IF IT RESULTS IN DESTRUCTION OF OPEC UNQTE.

4. COMMENT: WE DO NOT KNOW HOW RELIABLE AND WELL-INFORMED BAYOU IS. IT CLEAR THAT HE AT LEAST BELIEVES THAT ALGERIAN FORMULA FOR ALL INTENTS AND PUROPOSES IS ADOPTED. HE ALSO CLAIMS ITS PURPOSE IS NOT TO CHANGE PRICE DIFFERENTIALS, BUT RATHER MERELY TO RATPONALIZE AND STANDARDIZE METHODS OF COMPUTING. EMBASSY INTERPRETS FINAL COMMENT AS MEANING THAT THE ALGERIANS, WHILE WANTING A SIGNIFICANT PRICE INCREASE, ARE NOT YET CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ALGIER 02138 021127Z

WILLING TO GO TO THE MAT FOR AN ADDITIONAL FIVE PERCENT.PARKER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 02 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ALGIER02138
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760333-0590
From: ALGIERS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760999/aaaadgzd.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 KUWAIT 4085
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by BoyleJA>; APPROVED <27 JUL 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPEC, PRICES AND THE ALGERIAN FORMULA
TAGS: ENRG, AG, OPEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006